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**STRANG, FLETCHER, CARRIGER, WALKER, HODGE & SMITH, PLLC**

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REGULATORY AUTH.

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OFFICE OF THE  
EXECUTIVE SECRETARY  
September 10, 1998

S BARTOW STRANG  
1882-1954  
JOHN S FLETCHER  
1879-1961  
JOHN S CARRIGER  
1902-1989  
JOHN S FLETCHER, JR  
1911-1974  
ALBERT L HODGE  
1910-1997  
  
\* ALSO LICENSED IN GEORGIA  
# ALSO LICENSED IN ALABAMA  
+ ALSO LICENSED IN ARIZONA

VIA FEDERAL EXPRESS

Mr. K. David Waddell  
Executive Secretary  
Tennessee Regulatory Authority  
460 James Robertson Parkway  
Nashville, Tennessee 37243-0505

Re: Application of the Electric Power Board of Chattanooga  
for a Certificate of Public Convenience and Necessity  
to Provide Intrastate Telecommunications Services --  
Docket No. 97-07488

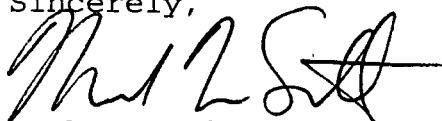
Dear Mr. Waddell:

We are enclosing an original and thirteen (13) copies of the Electric Power Board's Notices of Substitution of the Direct Testimony of Douglas A. Dawson and of the Direct Testimony of Robert W. Nyswaner. These substituted Direct Testimonies add the original notarized Affidavits of Mr. Dawson and Mr. Nyswaner.

We have also enclosed an additional copy of both pleadings and would appreciate your returning stamped copies to us in the enclosed envelope.

Thank you.

Sincerely,



Mark W. Smith  
For the Firm

MWS:as  
Enclosures  
cc: Parties of Record  
86580

BEFORE THE  
TENNESSEE REGULATORY AUTHORITY  
NASHVILLE, TENNESSEE

IN RE:

APPLICATION OF ELECTRIC	)	
POWER BOARD OF CHATTANOOGA	)	
FOR A CERTIFICATE OF PUBLIC	)	Docket No. 97-07488
CONVENIENCE AND NECESSITY	)	
TO PROVIDE INTRASTATE	)	
TELECOMMUNICATIONS SERVICES	)	

NOTICE OF SUBSTITUTION OF THE DIRECT TESTIMONY  
OF ROBERT W. NYSWANER

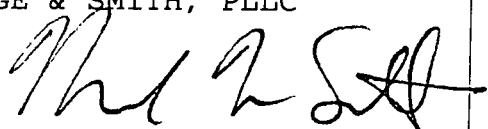
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Comes the Electric Power Board of Chattanooga and files the attached Direct Testimony of Robert W. Nyswaner, which adds the original notarized affidavit of Robert W. Nyswaner to the Direct Testimony of Robert W. Nyswaner that was filed on September 4, 1998.

Respectfully submitted,

STRANG, FLETCHER, CARRIGER, WALKER,  
HODGE & SMITH, PLLC

By:

  
\_\_\_\_\_  
Carlos C. Smith  
William C. Carriger  
Mark W. Smith  
400 Krystal Building  
One Union Square  
Chattanooga, Tennessee 37402  
Attorneys for Petitioner

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a true and exact copy of the within and foregoing pleading on behalf of the Electric Power Board of Chattanooga, via United States mail, first class postage prepared and properly addressed to the following:

Dennis P. McNamee, Esquire  
Tennessee Regulatory Authority  
460 James Robertson Parkway  
Nashville, Tennessee 37243-0505

Guy M. Hicks, General Counsel  
BellSouth Communications, Inc.  
333 Commerce Street  
Suite 2101  
Nashville, Tennessee 37201-3300

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Gullett, Sanford, Robinson & Martin  
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AT&T Communications of the South Central States, Inc.  
1200 Peachtree Street N.E.  
Room 4060  
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Assistant Attorney General  
Consumer Advocate Division  
Cordell Hull Building  
Second Floor  
425 Fifth Avenue, North  
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Henry Walker, Esquire  
Attorney for ACSI & NextLink  
Boult, Cummings, Conners & Berry  
P.O. Box 198062  
Nashville, Tennessee 37219

Dana Shaffer, Esquire  
NextLink Tennessee, LLC  
105 Malloy Street, Suite 300  
Nashville, Tennessee 37201

Jon E. Hastings, Esquire  
Boult, Cummings, Conners & Berry  
P. O. Box 198062  
Nashville, Tennessee 37219

Michael R. Knauff  
Tennessee Power Company  
4612 Maria Street  
Chattanooga, Tennessee 37411

This 10<sup>th</sup> day of September, 1998.



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For: Strang, Fletcher, Carriger,  
Walker, Hodge & Smith, PLLC

BEFORE THE  
TENNESSEE REGULATORY AUTHORITY  
NASHVILLE, TENNESSEE

IN RE:

APPLICATION OF ELECTRIC	)	
POWER BOARD OF CHATTANOOGA	)	
FOR A CERTIFICATE OF PUBLIC	)	Docket No. 97-07488
CONVENIENCE AND NECESSITY	)	
TO PROVIDE INTRASTATE	)	
TELECOMMUNICATIONS SERVICES	)	

DIRECT TESTIMONY OF ROBERT W. NYSWANER,  
CHIEF FINANCIAL OFFICER  
OF  
GLOBE TELECOMMUNICATIONS, INC.

FILED ON BEHALF OF  
THE ELECTRIC POWER BOARD OF CHATTANOOGA, TENNESSEE

September 3, 1998

1 Q. PLEASE STATE YOUR NAME, POSITION AND BUSINESS ADDRESS.

2 A. My name is Robert W. Nyswaner. I am Chief Financial Officer  
3 of Globe Telecommunications, Inc. (which I will refer to as  
4 "Globe Telecommunications") and my business address is 1239  
5 O.G. Skinner Drive, West Point, Georgia.  
6

7 Q. PLEASE DESCRIBE YOUR BUSINESS EXPERIENCE AND BACKGROUND.

8 A. I graduated from Waynesburg College in 1969 with a Bachelor of  
9 Science degree in Accounting. Upon graduating from Waynesburg  
10 College, I joined Arthur Andersen & Company in Baltimore,  
11 Maryland and spent four years in the Auditing Division. I  
12 joined Contel in 1973 as the Eastern Region Assistant  
13 Controller. From 1973 until 1992, I assumed various positions  
14 within this \$2 billion firm, including Controller for the  
15 Central Region, Assistant Vice-President Revenues for the  
16 Central Region, and Vice-President Revenues for Telephone. In  
17 1982, I was appointed CFO and Executive Vice-President  
18 Business Development for Contel's Telephone Sector. In this  
19 capacity, I was responsible for the Company's Finance,  
20 Business Planning, Acquisitions and Mergers, Information  
21 Services, Carrier Marketing and Sales, Regulatory Management  
22 and Tariff Administration divisions for 42 subsidiaries  
23 operating within 30 states including Tennessee. In 1992, GTE  
24 acquired Contel, and I participated in various post-merger  
25 transition activities until 1994. I joined Interstate  
26 Telephone as its CFO in June of 1995. In this capacity I am  
27 responsible for the financial, regulatory and general business

1 activities for Interstate Telephone, Valley Telephone, and  
2 Globe Telecommunications. Interstate Telephone and Valley  
3 Telephone provide local telecommunications services in Alabama  
4 and Georgia serving approximately 13,300 customers and 5,600  
5 customers in Alabama and Georgia respectively. Globe  
6 Telecommunications also provides local telecommunications  
7 services in Georgia and provides services such as equipment  
8 sales, private branch exchange maintenance and interstate toll  
9 to the telephone customers and certain deregulated services to  
10 areas near to our telephone exchanges.  
11

12 Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THE TENNESSEE REGULATORY  
13 AUTHORITY?

14 A. No. While I did have the opportunity to testify before the  
15 Tennessee Public Service Commission, this is my first  
16 opportunity to testify before the Tennessee Regulatory  
17 Authority.  
18

19 Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE ANY OTHER REGULATORY  
20 AUTHORITIES?

21 A. Yes. In addition to testifying before the Tennessee Public  
22 Service Commission, I have testified before state regulatory  
23 agencies in Alabama, Georgia, Illinois, Indiana, Kansas,  
24 Missouri and Minnesota. I have also testified before the  
25 Federal Communications Commission.  
26

1 Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

2 A. The purpose of my testimony is to furnish the Tennessee  
3 Regulatory Authority with testimony in support of the Electric  
4 Power Board's application for a Certificate of Public  
5 Convenience and Necessity to provide Intrastate  
6 Telecommunications Services, which was filed on October 21,  
7 1997. In my testimony, I will (1) describe the corporate  
8 structure of Globe Telecommunications; (2) describe the  
9 technical and managerial resources of Globe  
10 Telecommunications; and (3) describe the contractual  
11 relationship between Globe Telecommunications and the Electric  
12 Power Board. My testimony will show that Globe  
13 Telecommunications will supplement the technical and  
14 managerial abilities of the Electric Power Board to provide  
15 the applied-for services.

16  
17 Q. PLEASE DESCRIBE GLOBE TELECOMMUNICATIONS'S CORPORATE  
18 STRUCTURE.

19 A. Globe Telecommunications is a wholly owned subsidiary of ITC  
20 Holding Co., Inc. a privately held Georgia corporation located  
21 in West Point, Georgia. Globe Telecommunications is a Georgia  
22 corporation and is a certified local exchange carrier in the  
23 State of Georgia, providing local exchange services in the  
24 cities of Newnan and LaGrange. Globe Telecommunications also  
25 offers equipment sales and service in Alabama and Georgia.  
26 Interstate Telephone and Valley Telephone are wholly owned



1 subsidiaries of ITC Holding with authority to provide local  
2 exchange services in Alabama and Georgia.

3  
4 Q. PLEASE DESCRIBE GLOBE TELECOMMUNICATIONS' TECHNICAL AND  
5 MANAGERIAL QUALIFICATIONS TO OPERATE A LOCAL TELEPHONY  
6 NETWORK.

7 A. Globe Telecommunications has assembled a talented management  
8 team with expertise in the field. Exhibit RWN-1 attached to  
9 this testimony shows profiles of Globe Telecommunications'  
10 management team. In sum, Globe Telecommunications' officers  
11 and key management employees possess expertise and knowledge  
12 in all aspects of telephone operations. Further, Globe's  
13 senior management has successfully participated in the  
14 establishment of a facilities-based competing local exchange  
15 carrier with BellSouth as the incumbent.

16  
17 Q. PLEASE DESCRIBE THE RELATIONSHIP BETWEEN GLOBE  
18 TELECOMMUNICATIONS AND THE ELECTRIC POWER BOARD.

19 A. The Electric Power Board requested proposals from qualified  
20 telecommunications providers to assist the Electric Power  
21 Board in the purchase and/or lease of telephone digital  
22 switching capacity, the provision and necessary training  
23 required to supply EPB with telephone billing capability and  
24 customer service capability and to assist the Electric Power  
25 Board in the further development of its fiber optics network  
26 and related electronics as a part of a distribution and

1 transport system. Globe Telecommunications responded to that  
2 request and offered to make available its substantial  
3 expertise in the development and operation of local telephone  
4 exchanges and in the development and operation of a fiber  
5 optics network. Following negotiations between the parties,  
6 Globe Telecommunications and the Electric Power Board have  
7 entered into a long-term agreement under which Globe  
8 Telecommunications will assist the Electric Power Board in  
9 establishing the Electric Power Board's telephone operations  
10 as a competing local exchange provider. Globe  
11 Telecommunications will supplement the Electric Power Board's  
12 existing managerial and technical abilities in providing  
13 telecommunications services.

14  
15 Q. PLEASE DESCRIBE THE RESPONSIBILITIES OF GLOBE TELECOMMUNICA-  
16 TIONS UNDER THIS AGREEMENT.

17 A. Under the agreement with the Electric Power Board, Globe  
18 Telecommunications is responsible for: (1) the purchase,  
19 installation, operation, and maintenance of the DMS switch for  
20 the Electric Power Board's Telecommunications Division; (2)  
21 the provisioning of certain customer support services related  
22 to the switch, including service activation and provisioning,  
23 line and Centrex administration, and equipment record keeping;  
24 (3) providing billing services (including assisting the  
25 Electric Power Board's Customer Service Department in  
26 accessing this billing system); (4) providing consultation to

1 the Electric Power Board across its telecommunications  
2 operations; and (5) providing certain dedicated employees to  
3 the Electric Power Board.  
4

5 Q. PLEASE DESCRIBE THE CONSULTING SERVICES THAT GLOBE  
6 TELECOMMUNICATIONS WILL PROVIDE TO THE ELECTRIC POWER BOARD.

7 A. In general, the agreement with the Electric Power Board  
8 requires Globe Telecommunications to provide the Electric  
9 Power Board with such consultation as is necessary for the  
10 development and operation of the Electric Power Board's start-  
11 up business. Globe Telecommunications will also provide  
12 consultation to the Electric Power Board in many specific  
13 areas including (1) the design and development of the Electric  
14 Power Board's fiber optics network; (2) the selection of all  
15 toll products; (3) the design, development, and deployment of  
16 switched data services over the fiber optics network; (4) the  
17 selection and development of products to be offered; (5) the  
18 development and implementation of customer service and  
19 customer care policies; (6) the design of an operations center  
20 for the Telecommunications Division; (7) interconnection  
21 arrangements; and (8) business launch implementation.  
22

23 Q. PLEASE DESCRIBE THE EMPLOYEES THAT GLOBE TELECOMMUNICATIONS  
24 WILL DEDICATE TO THE ELECTRIC POWER BOARD'S TELECOMMUNICATIONS  
25 OPERATION.

1 A. Globe Telecommunications will provide the following full-time  
2 employees for the Electric Power Board's Telecommunications  
3 Division: (1) a project manager to consult with the Electric  
4 Power Board in overseeing and directing the day-to-day  
5 telecommunications operation; (2) a customer support  
6 supervisor to consult with the Electric Power Board in  
7 overseeing and directing the day-to-day customer support and  
8 customer service aspects of the telecommunications operation;  
9 and (3) two switch maintenance technicians to provide for the  
10 day-to-day operation and maintenance of the switch.

11  
12 Q. WILL THESE EMPLOYEES BE LOCATED IN CHATTANOOGA, TENNESSEE?

13 A. Yes.

14  
15 Q. PLEASE DESCRIBE YOUR INVOLVEMENT IN THE ELECTRIC POWER BOARD'S  
16 TELECOMMUNICATIONS OPERATIONS.

17 A. I will be responsible for the management of the Globe  
18 Telecommunications' project coordinator, customer support  
19 supervisor, and two switch technicians to provide assistance  
20 to the Electric Power Board in that regard. I will be very  
21 involved in trying to ensure the success of the Electric Power  
22 Board's telecommunications operation by participating in the  
23 business planning. In fact, Globe Telecommunications has  
24 every incentive to ensure that the Electric Power Board's  
25 operation succeeds. Under the terms of its agreement with the  
26 Electric Power Board, Globe Telecommunications is obligated to

1       invest a large amount of capital in the switch and faces  
2       substantial expense for the additional services and personnel  
3       that it will provide, but there is incentive compensation  
4       available to Globe Telecommunications, which is dependent upon  
5       the financial success of the Electric Power Board's  
6       Telecommunications Division. Other members of the senior  
7       management team of Globe Telecommunications share my  
8       sentiments, and we will be actively involved to lend our  
9       experience and expertise to the Electric Power Board to ensure  
10      the success of this venture.

11  
12      Q.    PLEASE SUMMARIZE YOUR TESTIMONY.

13      A.    Globe Telecommunications has substantial experience as a  
14      competitive local exchange carrier. Under the terms of its  
15      agreement with the Electric Power Board, Globe  
16      Telecommunications supplements the existing managerial and  
17      technical abilities of the Electric Power Board to provide the  
18      applied-for services. Should this Authority allow the  
19      Electric Power Board entry into the telecommunications market,  
20      we will assist the Electric Power Board in providing its  
21      telecommunications customers with a greater choice of  
22      services, reduced rates, and improved levels of service.

23  
24      Q.    DOES THIS CONCLUDE YOUR TESTIMONY?

25      A.    Yes.

26      85930.01

# **EXHIBIT RWN-1**

## **BIOGRAPHICAL INFORMATION GLOBE TELECOMMUNICATIONS, INC.**

**C. Michael Gragg - President and Chief Operating Officer** - A native of Nashville, Tennessee, worked in the telecommunications industry for 25.5 years within the BellSouth family of companies (including assignments in AT&T prior to the breakup of the Bell System). Prior to joining ITC as Vice President Market Development for InterCel in 1993, served as General Manager - Operations for Kentucky and Tennessee with BellSouth Communication Systems. In March of 1994, was named President & Chief Operating Officer of Interstate/Valley Telephone.

Currently serve as a director on the following boards: Chattahoochee Valley Educational Foundation, Greater Valley Area Chamber of Commerce, Lanier Memorial Hospital, Riverside Country Club, and Valley National Bank.

Serves as a deacon at Spring Road Christian Church and is actively involved in "Helping Hands", part of the Chamber of Commerce Partners in Education Program, working with special education students and teachers in Chambers County, Lanett, and West Point.

**Robert W. Nyswaner - Chief Financial Officer**, Graduated from Waynesburg College in 1969 with a Bachelor of Science degree in Accounting. Upon graduating from Waynesburg College, joined Arthur Andersen & Co. in Baltimore, Maryland and spent four years in the Auditing Division. Joined Contel Corporation in 1973 as the Eastern Region Assistant Controller. From 1973 until 1992, held various positions within this \$3 billion firm including Controller for the Central Region, Assistant Vice-President Revenues for the Central Region, Vice-President Revenues Telephone, etc. In 1992, was appointed Chief Financial Officer and Executive Vice-President Business Development for Contel's Telephone Sector. In this capacity, was responsible for Finance, Business Planning, Acquisitions and Mergers, Information Services, Carrier Marketing and Sale, Regulatory Management and Tariff Information Services, Carrier Marketing and Sales, Regulatory Management and Tariff Administrations for forty-two subsidiaries operating within thirty states. In 1992, GTE acquired Contel and participated in various post-merger transition activities until 1994. In June 1995, joined Interstate Telephone Company as its' Chief Financial Officer. As Chief Financial Officer, responsible for the financial, regulatory and general business activities for Interstate Telephone, Valley Telephone, and Globe Telecommunications.

**Allen E. Sikes - Vice President Customer Services**, joined ITC family of companies in September 1994, as Service Center/Transmission Manager, with 15 years experience in telecommunications industry. Previously with AllTel Georgia/Contel Georgia, serving in numerous management positions ranging

from local operations (switching/networks/installation/repair) to statewide responsibilities for all customer service functions (centralized call centers/facilities/billing). Promoted to Vice-President Customer Service in November 1996. Responsible for call center, service center, billing, and MIS.

**Danny C. Gauntt, Vice President Outside Plant Operations**, joined ITC in 1979 and has served in numerous technical and management positions. Previously served as director-outside plant services for Interstate/Valley. Is heavily involved in the strategic planning and implementation processes as Interstate/Valley expands its scope of operations. As Vice President-Outside Plant Operations, his responsibilities include cable facility design, installation and maintenance, equipment installation and repair, purchasing and warehousing, and building and grounds maintenance services.

**Jerry L. Neal, Vice President Network Operations**, Prior to joining Interstate/Valley, served as vice president-operations for Async Corp. and as manager-network planning for Contel in Atlanta. In November, 1993 joined Interstate/Valley Telephone as director of switching technology and services. In January, 1995, promoted to VP Network Operations and manages all functions associated with technical operations for switching, technology selection, local network operations, PC, software and computer networking functions.

**Lana Christenberry, Vice President Marketing** - Prior to joining ITC, Christenberry served as branch manager, Southeast National Accounts for Sprint. At Sprint, she also served in numerous positions including Director, Southern Region - Government Systems Division; national account manager, and branch customer support manager. Was also an employee of SoutherNet in Atlanta for five years, as manager of special operations where she developed a department to handle the newly formed Major Accounts Sales Branch. As Vice-President of Marketing for Interstate/Valley Telephone and Globe Telecommunications, she is responsible for marketing efforts in Newnan, Ga. and other communities as the company launches local businesses.



## AFFIDAVIT

STATE OF GEORGIA:  
COUNTY OF TROUP:

BEFORE ME, the undersigned authority, duly commissioned and qualified in and for the State and County aforesaid, personally came and appeared Robert W. Nyswaner, Chief Financial Officer of Globe Telecommunications, Inc., who being by me first duly sworn, deposed and said that:

He is appearing as a witness before the Tennessee Regulatory Authority in Docket No. 97-07488 on behalf of the Electric Power Board of Chattanooga and, if present before the Authority and duly sworn, his testimony would be as set forth in the annexed testimony consisting of 8 pages and 1 exhibit.

Robert W. Nyswaner  
ROBERT W. NYSWANER

Sworn to and subscribed before me this 4th day of  
September, 1998.

Diane C. Bradshaw  
Notary Public

My commission expires: \_\_\_\_\_  
MY COMMISSION EXPIRES OCT. 10, 1999

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a true and exact copy of the within and foregoing pleading on behalf of the Electric Power Board of Chattanooga, via United States mail, first class postage prepared and properly addressed to the following:

Dennis P. McNamee, Esquire  
Tennessee Regulatory Authority  
460 James Robertson Parkway  
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Michael R. Knauff  
Tennessee Power Company  
4612 Maria Street  
Chattanooga, Tennessee 37411

This 4<sup>th</sup> day of September, 1998.



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Strang, Fletcher, Carriger, Walker  
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TENNESSEE REGULATORY AUTHORITY  
NASHVILLE, TENNESSEE**

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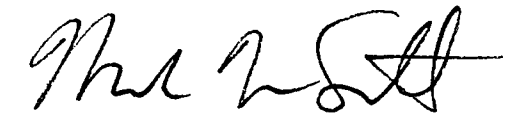
NOTICE OF SUBSTITUTION OF THE DIRECT TESTIMONY  
OF DOUGLAS A. DAWSON

Comes the Electric Power Board of Chattanooga and files the attached Direct Testimony of Douglas A. Dawson, which adds the original notarized affidavit of Douglas A. Dawson to the Direct Testimony of Douglas A. Dawson that was filed on September 4, 1998.

Respectfully submitted,

STRANG, FLETCHER, CARRIGER, WALKER,  
HODGE & SMITH, PLLC

By:



\_\_\_\_\_  
Carlos C. Smith  
William C. Carriger  
Mark W. Smith  
400 Krystal Building  
One Union Square  
Chattanooga, Tennessee 37402  
Attorneys for Petitioner

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a true and exact copy of the within and foregoing pleading on behalf of the Electric Power Board of Chattanooga, via United States mail, first class postage prepared and properly addressed to the following:

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P. O. Box 198062  
Nashville, Tennessee 37219

Michael R. Knauff  
Tennessee Power Company  
4612 Maria Street  
Chattanooga, Tennessee 37411

This 10<sup>th</sup> day of September, 1998.

A handwritten signature in black ink, appearing to read "Michael R. Knauff", written over a horizontal line.

For: Strang, Fletcher, Carriger,  
Walker, Hodge & Smith, PLLC

BEFORE THE  
TENNESSEE REGULATORY AUTHORITY  
NASHVILLE, TENNESSEE

IN RE:

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FOR A CERTIFICATE OF PUBLIC	)	Docket No. 97-07488
CONVENIENCE AND NECESSITY	)	
TO PROVIDE INTRASTATE	)	
TELECOMMUNICATIONS SERVICES	)	

DIRECT TESTIMONY OF DOUGLAS A. DAWSON  
OF  
COMPETITIVE COMMUNICATIONS GROUP, L.L.C.

FILED ON BEHALF OF  
THE ELECTRIC POWER BOARD OF CHATTANOOGA

September 3, 1998

1 Q. PLEASE STATE YOUR NAME, COMPANY AND BUSINESS ADDRESS.

2 A. My name is Douglas A. Dawson, and I am a principal with the  
3 firm Competitive Communications Group L.L.C. ("CCG"), located  
4 at 6811 Kenilworth Ave., Suite 302, Riverdale, Maryland,  
5 20737.

6  
7 Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

8 A. The purpose of my testimony is three-fold. First I will  
9 discuss my qualifications and that of CCG to support the  
10 Electric Power Board of Chattanooga ("EPB" or "Power Board")  
11 in launching its competitive local exchange carrier operation.  
12 Second, I will discuss the business planning processes and the  
13 financial modeling that has been developed for, and in  
14 conjunction with, the Power Board. This discussion will  
15 demonstrate that the Power Board has already taken steps that  
16 demonstrate their management ability to operate a telephone  
17 operation from a managerial and technical standpoint. Third,  
18 I will discuss the steps the Power Board has taken to ensure  
19 that telecommunications will not be subsidized by the existing  
20 electric operations.

21  
22 Q. WHAT IS YOUR BACKGROUND?

23 A. Prior to CCG, my most recent job was as the Staff Director of  
24 Special Studies at John Staurulakis, Inc. (JSI). JSI was  
25 primarily involved in the telephone cost accounting process



1       whereby all costs are "separated" into jurisdictions, most  
2       importantly, interstate and state, so that costing, pricing,  
3       earnings and revenue settlement plans can be calculated.  
4       There I oversaw all projects that were not historically part  
5       of JSI's core telephone separations business. I worked there  
6       to assist clients for such projects as the analysis and  
7       implementation of becoming a toll re-seller; the development  
8       of optional toll and local calling plans; studying and  
9       implementing traditional EAS and Measured EAS plans,  
10      feasibility studies and the implementation of new internet  
11      subsidiaries; embedded, marginal and incremental cost studies  
12      for products and services; local rate case preparation and  
13      defense; development of lease rates for external sale and  
14      among subsidiaries; cross-subsidy studies determining the  
15      embedded overlap between telephone services; and the analysis  
16      of the potential impact of competition on rural LECs.

17  
18      In my last year or so at JSI, I assisted a number of companies  
19      who were entering the newly created competitive local exchange  
20      market. I negotiated a number of interconnection agreements  
21      with various Regional Bell Operating Companies, negotiated  
22      collocation agreements, created a set of simplified toll,  
23      access and local tariffs designed for the need of Competing  
24      Local Exchange Carriers ("CLECs"), assisted several CLECs in  
25      pricing and costing, and advised new CLEC in operational

1 planning and CLEC implementation. Prior to that, I worked at  
2 JSI as a manager in the separations department supervising the  
3 completion of FCC Part 36/69 toll cost studies. In that  
4 capacity, I completed and supervised the completion of a large  
5 number of separations studies, calculated the access charge  
6 rates for Interstate and State access charge tariffs, and  
7 rewrote the JSI Part 36/69 allocator into a windows-based  
8 spreadsheet. I also taught a number of classes for continuing  
9 education credit, most notably classes in Part 32 accounting  
10 practices, telephone separations, and budgeting and planning.  
11

12 Prior to that, I had operational experience as Director of  
13 Revenues and Regulatory for CP National in Concord,  
14 California, which was subsequently acquired by ALLTEL. There,  
15 I oversaw a large group that performed telephone accounting,  
16 separations and traffic studies for a seven-state area. My  
17 group also monitored earnings, filed rates and tariffs  
18 including rate cases, developed access and tariff rates, and  
19 monitored and commented in state and federal regulatory  
20 proceedings. I testified in a number of rate cases and  
21 regulatory proceedings in California, Nevada, Oregon and New  
22 Mexico. While at CP National, I also was responsible for  
23 earnings monitoring and rate case development for electric,  
24 gas and water properties.  
25

1 Prior to that, I worked as Staff Manager in Industry Relations  
2 at Southwestern Bell in St. Louis Missouri. My functions  
3 there included tracking issues that impacted Bell's  
4 relationships with the independent telephone industry,  
5 calculating and negotiating various interconnection and  
6 settlement rates between companies for EAS and other  
7 arrangements, and the overseeing of the review of independent  
8 telephone company's traffic and toll cost studies. I also  
9 served a stint as a member of the rate case team for the  
10 Missouri operations.

11  
12 Prior to that, I began my career at John Staurulakis, Inc.  
13 performing FCC Part 67 separations studies. I received a  
14 Bachelor of Science in Accounting from the University of  
15 Maryland in 1977 and received a Masters of Mathematics from  
16 the University of California at Berkeley in 1985.

17  
18 Q. WHAT ARE THE PRIMARY COMPETENCIES OF CCG?

19 A. As of August 1998, CCG has seventeen (17) employees. We  
20 assist companies in all phases of entering the competitive  
21 local telephone market, including financial and market  
22 planning and feasibility studies, regulatory certification,  
23 interconnection negotiations, assessing the costs and benefits  
24 of various technologies, developing partnership opportunities,  
25 and all facets of business implementation. Our implementation

1 assistance includes such things as detailed project management  
2 using Gantt charts; getting CLECs into all of the appropriate  
3 databases such as the Local Exchange Routing Guide ("LERG");  
4 implementing 911; advising on customer billing and network  
5 protocol implementation; implementing carrier access billing;  
6 training for customer service representatives in procedures  
7 and telephone products; training for the sales team;  
8 developing compensation plans for the sales team; designing  
9 marketing and sales programs; pricing of products and  
10 comparative analysis of competition; developing costs of  
11 telephone services; writing and filing local, toll and access  
12 tariffs, and a number of other smaller steps required for  
13 companies to get into the business. Of the fourteen (14) non-  
14 principal employees, one was director of billing and customer  
15 service for a large facilities-based CLEC, one was director of  
16 marketing for a mid-sized publicly traded telecommunications  
17 holding company, one spent twenty years managing small  
18 telephone companies, one has three years experience with the  
19 Iowa Utilities board specializing in telecommunications and  
20 Long Run Incremental Cost issues, one has a degree in human  
21 resource management, one has a Masters Degrees in  
22 Telecommunications, and two have Masters Degrees in Economics.

23  
24 We feel we have an extremely well rounded staff and are  
25 qualified to assist companies with the managerial, operational

1 and technical issues associated with becoming competitive  
2 local exchange carriers. We believe we are the only  
3 consulting firm which is focusing entirely on the particular  
4 issues surrounding CLEC creation and implementation. We are  
5 currently assisting approximately seventy-five (75) CLECs in  
6 various stages of the process of getting into the competitive  
7 telecommunications business. There are a number of different  
8 types of companies becoming CLECs among our clients:  
9 independent telephone companies, other electric companies,  
10 cable TV companies, interexchange carriers, internet service  
11 providers, winners of the LMDS wireless licenses, existing  
12 Competing Access Providers ("CAPs"), Indian tribes, and new  
13 start-up companies with no utility affiliation.

14  
15 Resumes for the other two principals of CCG are attached to  
16 this testimony as Exhibit DAD-1.

17  
18 Q. WHAT IS YOUR SPECIFIC ROLE AT CCG?

19 A. I am in charge of the CLEC implementation team; I supervise  
20 the regulatory and tariff group; I personally do the all of  
21 the accounting development and advisory work; I personally do  
22 strategic planning work for companies trying to plan the best  
23 path for future growth; and I am in charge of all of the  
24 costing and pricing work that we do. I am in the process of  
25 developing an unbundling study for the use by electric

1. companies in their upcoming introduction to competition. I am  
2 also developing products designed for the use of companies who  
3 have won the recent LMDS licenses useful as alternatives to  
4 wire loops for telephony and data delivery.

5  
6 The implementation team does the work mentioned in the answer  
7 to the previous question. The regulatory team is responsible  
8 for writing and filing local, toll and access tariffs. In our  
9 regulatory work, we also do tariff research, including rate  
10 and policy research for CLECs. In our strategic planning  
11 process, we help companies by defining many of the possible  
12 paths for future business growth and development, and we  
13 quantify the potential returns from each of the various future  
14 paths. We have a unique costing product that allows companies  
15 to study the costs of all products and services, a process  
16 that is not routinely undertaken by most telephone companies.  
17 We have also done a number of cost studies for companies to  
18 price out specific products or processes for such things as  
19 operator services, directories, optional toll and long  
20 distance plans and products, lease costs for floor space,  
21 tower and right-of-ways, and individual products like T1s,  
22 ISDN and switched data.

23  
24 In the area of telephone accounting, I have helped a number of  
25 companies find ways to integrate telephone accounting into

1 their current accounting systems. I've done this for Cable TV  
2 companies, CAPs, electric companies and a number of telephone  
3 companies. Each industry, and each company, always faces a  
4 unique challenge in integrating a major new product like  
5 telephony into their accounting systems.

6  
7 Q. WHAT SPECIFIC ASSISTANCE HAVE YOU GIVEN TO THE POWER BOARD?

8 A. We have done a number of things to assist the Power Board to  
9 get to this stage of the process of getting into the  
10 competitive telephone business. Some of the things we have  
11 done include:

- 12 1. A detailed financial feasibility study showing the  
13 potential revenues and costs of being in the telephone  
14 business. This was a detailed study that explored the  
15 various possible CLEC business plans including resale,  
16 the use of unbundled network elements, a total facility  
17 over-build, and combinations of each. Sales and revenues  
18 in our model were developed using a bottoms-up approach  
19 whereby customers are acquired slowly over time using the  
20 sales performance of salesmen. Expenses were developed  
21 using an organization chart and the expenses are fairly  
22 detailed by function.
- 23 2. A market research study identifying the major business  
24 opportunities in Chattanooga. This study researched the  
25 individual businesses residing within the various

BellSouth serving wire centers, and classified all business by major SIC code as to the type of business each was engaged in.

3. Helping the Power Board issue a request for proposal (RFP) to find suitable vendors for switching, customer service, network design and operations. During this process we assisted EPB in designing specifications required for the various functions, assisted EPB in analyzing and ranking the various RFP responses, assisted them in interviewing each finalist in the process, and finally in selecting the best candidate, Globe Telecommunications.

4. Assisting EPB in negotiating the terms of the relationship with Globe.

5. Assisting EPB in developing a detailed Part 32 chart of accounts and in modifying the current electric accounting system to make telephone accounting possible.

6. Began the negotiation process with BellSouth for interconnection, now in process.

7. Developing an organizational chart showing the staffing required to implement the telephone business plan.

8. Creating a Gantt chart outlining the hundreds of steps necessary to implement the telephone operations.

9. Marketing research to identify the rates and offerings of BellSouth and the other competitors in Chattanooga.



1 10. Identifying the key telephony regulatory issues that are  
2 of most importance to being in the CLEC business.

3 11. Assisting EPB in analyzing the network potential for the  
4 current fiber ring, and in designing the best way to  
5 build future network.  
6

7 Q. WOULD YOU SAY THAT THE POWER BOARD HAS DEMONSTRATED THE  
8 MANAGERIAL EXPERTISE NECESSARY TO BE SUCCESSFUL IN THE  
9 TELEPHONE BUSINESS?

10 A. Yes. I believe so for several reasons. First, EPB management  
11 is very competent in running the current electric business.  
12 I have been very impressed by their professionalism and by  
13 their commitment to do everything in a class way. They do not  
14 take short cuts and they take the time to do things right.  
15 They are very customer focused and service oriented, an  
16 outlook that we believe is essential for a player in  
17 competitive telephony.  
18

19 However, I'm also impressed by the fact that EPB management  
20 did not hesitate to identify those technical areas of  
21 telephony where EPB lacks specific experience or skills, and  
22 they have taken the steps necessary to hire, train or contract  
23 to bring these skills and talents to bear for the new venture.  
24 They have already taken a number of steps that will go a long  
25 way to ensure that the new venture is successful. I think

1       foremost is the decision to seek an outside party to assist  
2       them in the very technical fields of switching, billing and  
3       customer service. I think their decision to contract with  
4       Globe Telecommunications demonstrates their commitment to  
5       launch telephony in the most efficient and professional manner  
6       possible. By contracting with Globe to perform many of the  
7       back office functions for the first number of years of the new  
8       launch, they have freed themselves up to concentrate on other  
9       major portions of the telephone operation including network  
10      build-out and management, sales and marketing, and overall  
11      management. Their overall plan is to concentrate on those  
12      tasks they feel ready to perform now, to learn the other  
13      technical processes by working alongside of Globe, with the  
14      eventual goal of operating the operation completely on their  
15      own.

16  
17      Q.   WHAT STEPS HAS THE POWER BOARD TAKEN TO DEMONSTRATE THAT THEY  
18           WILL HAVE THE TECHNICAL EXPERTISE REQUIRED TO SUCCESSFULLY  
19           OPERATE A TELEPHONE COMPANY?

20      A.   The Power Board has taken a number of concrete steps to  
21           develop the expertise needed to be successful in the business.  
22           Again, foremost among these steps was the decision to contract  
23           with Globe, so that some technical processes like switching  
24           and billing are performed initially by a staff with great  
25           expertise.

1  
2 EPB already possesses a talented internal engineering and  
3 construction team with long-term experience in outside plant  
4 operations. They have great experience in planning and  
5 constructing outside plant routes in a variety of  
6 circumstances, including the back office functions of design,  
7 mapping, and the creation of databases to track assets. They  
8 also already possess groups who are adept at such functions as  
9 network monitoring, taking trouble reports from customers and  
10 responding to problems, and working in adverse conditions to  
11 bring customers back to service during outages. EPB  
12 constructed the beginnings of a fiber optics network a few  
13 years ago to satisfy their own internal communications needs,  
14 and the current engineering staff has already been trained in  
15 the nuances of operating and maintaining fiber optics.  
16

17 Q. DO YOU THINK THE POWER BOARD CAN ENSURE THAT THE TELEPHONE  
18 OPERATIONS WILL NOT BE SUBSIDIZED BY THE ELECTRIC OPERATIONS?

19 A. Yes. As a consultant I have worked with a number of different  
20 regulated companies, from electric companies, to cable TV  
21 companies, and of course, a large number of telephone and  
22 related companies. I am very impressed by the current EPB  
23 accounting system. First, they currently follow FERC  
24 accounting, which is the prescribed chart of account and  
25 accounting methods for electric companies. FERC accounting

1 has a large number of similarities to FCC part 32 accounting,  
2 in that it is very detailed, uses various clearing accounts to  
3 allocate costs to departments, and has very similar rules for  
4 capturing the capitalization of labor and other expenses  
5 associated with construction. EPB has made a major effort to  
6 comply with the FERC rules completely, and their accounting  
7 system is complex, yet very accurate. EPB is able to capture  
8 costs, allocate those costs as required by the rules, and yet  
9 still maintain an accounting trail that identifies the  
10 original source of each cost. I have only seen such detailed  
11 accounting in a few larger holding companies, and such  
12 attention to detail is unusual in most utilities that I have  
13 looked at over the years.

14  
15 EPB has decided to use FCC Part 32 accounting, even though it  
16 is not required by the Telecommunications Act of 1996. I  
17 believe they have made this decision so that they can be  
18 certain to comply with any regulatory reporting requirements,  
19 and so that they can produce results that are comparable with  
20 the rest of the telephone industry. The large majority of  
21 CLECs are not electing to use Part 32 accounting.

22  
23 EPB has already expended major effort to create a chart of  
24 accounts for Part 32, to identify those places where Part 32  
25 differs from FERC accounting, and to determine ways to comply

1 with part 32 while continuing to comply with FERC. I have  
2 been through this process in great detail with the EPB  
3 accountants, and they have devised accounting modifications  
4 that will very clearly allow the separate identification and  
5 tracking of telephone costs and electric costs.

6  
7 They have set in place accounting processes which will not  
8 only allow the capture and tracking of direct costs for each  
9 division, but they have designed a common sense solution for  
10 allocating all of the other various joint and common costs  
11 used by the two divisions. From an asset perspective, they  
12 have modified their very detailed work order system in order  
13 to be able to construct electric assets, telephone assets,  
14 joint assets used by both divisions, and even work orders that  
15 will contain assets from each division. In the few places  
16 where the accounting system will not automatically capture and  
17 assign the joint costs associated with telephony, they will  
18 put in place mechanisms that will ensure that the telephone  
19 division will receive a full allocation of any joint cost.

1 Finally, EPB has taken the important step of creating a  
2 separate division for telephony, a step that makes the  
3 separation of costs much easier. Any employees or cost  
4 dedicated to the new telephone operation will be recognized  
5 directly on the separate ledger of the new telephone division.  
6 The accounting system, as described above, is then well geared  
7 to capture and allocate the joint and common costs from  
8 employees and processes not part of the telephone division.

9 Q. DOES THIS CONCLUDE YOUR TESTIMONY?

10 A. Yes.

11 86231 02

# **EXHIBIT DAD-1**

## **RESUME OF WILLIAM H. TUCKER**

As principal, William H. Tucker's primary responsibilities at Competitive Communications Group are Competitive Local Exchange Carrier (CLEC) market and financial assessment, development and operational implementation, Marketing Plans and Implementation and Employee Training Programs.

Mr. Tucker's experience includes his position as Director of Business Development for John Staurulakis, Inc. (JSI), with overall responsibilities for strategic and tactical planning to assist clients in assessing growth opportunities as they move into a competitive telecommunications environment. Mr. Tucker was specifically responsible for CLEC assessment and implementation, as well as toll resale assessment, marketing and strategic planning. Mr. Tucker joined JSI in January 1996.

Before joining JSI, Mr. Tucker was Director for Business Development for Frontier Corporation (previously Rochester Telephone Corp.), with responsibilities for implementation of new business opportunities, business plans and multi-company strategic partnering, including the turn key establishment of Frontier's first full scale "one-stop shop" Competitive Local Exchange Carrier (CLEC) operation.

With respect to the CLEC operation, Mr. Tucker oversaw or directly developed business cases supporting initial market entry, coordinated contracts, implemented the overall marketing plans, including pricing, margin analysis, advertising, sales quotas, etc., and had accountability for operational issues such as billing and customer service.

Mr. Tucker also has operational experience as the General Manager for all North Dakota operations with Frontier. This included complete P&L responsibility for local telephone operations (25,000 access lines), a long distance division and an equipment sales and servicing division, including paging service and cellular equipment/sales. During that time, Mr. Tucker re-engineered the residential and business customer service departments, the business sales and support group, and implemented quarterly marketing programs and product promotions to enhance the sales environment. This led to increased answer time performance, and dramatically increased CCF, voice mail, wire maintenance, Centrex and other product sales.

Mr. Tucker also has a regulatory and finance background within the telecommunications industry. This includes experience in developing rate cases, testifying on a variety of regulatory issues such as Price Caps, ONA, and statewide access charges in Wisconsin, Illinois, Pennsylvania and North Dakota; performing benchmark financial performance criteria against industry peer groups; and developing pricing / costing models for Frontier's subsidiary telephone companies to increase revenues and margins.

Mr. Tucker received a Bachelor of Business Administration Degree with concentrations in marketing and finance from the University of Notre Dame in 1981, and a Masters of Business Administration Degree from State University of New York at Buffalo in 1987.



## RESUME OF MICHAEL S. FOX

As principal, Michael S. Fox's primary responsibilities at Competitive Communications Group are, Business Planning Assessment, PCS financial and market assessment, Regulatory Support Services and Industry Relations Coordinator, and CCG Product Development and Marketing.

In his most recent position prior to CCG, as Director, Regulatory Affairs for John Staurulakis, Inc. (JSI) Michael S. Fox assisted independent telephone companies on various regulatory, strategic planning, policy and business management aspects of the telecommunications industry.

Prior to joining JSI, Mr. Fox was employed by Century Telephone Enterprises, Inc. (Century) as Director, Regulatory Affairs. In this capacity, Mr. Fox was responsible for directing all regulatory activity for Century's operating telephone subsidiaries. Mr. Fox was also the Chairman of the Louisiana Telephone Association regulatory committee and was a leader in many industry efforts involving telephone companies in Louisiana and other states.

Mr. Fox has testified before regulatory commissions in various proceedings in Arkansas, Colorado, Idaho, Indiana, Louisiana, Michigan, Minnesota, New Jersey, New Mexico, Tennessee and Wisconsin. In addition, Mr. Fox has represented independent telephone companies in formal and informal proceedings before the Federal Communications Commission (FCC) and state regulatory commissions in numerous states, including Arizona, Arkansas, Colorado, Idaho, Indiana, Kansas, Louisiana, Michigan, Mississippi, New Mexico, New Jersey, Ohio, Pennsylvania, Texas, Tennessee, Vermont and Wisconsin. Mr. Fox has represented (including expert testimony) independent telephone companies before these state commissions on numerous regulatory issues, including alternative regulation initiatives, authorized rates of return (return on equity return on total rate base and cost of capital considerations), capital recovery considerations, local and access rate design, new and enhanced regulated and non-regulated service offerings, and rate case planning.

Mr. Fox began his telecommunications career with Mountain Bell Telephone Company. He later worked for United Telecommunications, Inc. (United) and held various management positions with United (now Sprint), including Manager - LMS Development, Manager - Separations and Staff Manager - Revenue Planning. In 1989 Mr. Fox joined Kansas Independent Networks, Inc. (KINI) as Manager of Customer/Industry Relations. As part of the senior management team at KINI, he was involved in numerous aspects of the business, including strategic planning, network development, economic analysis, pricing, data systems, customer billing, customer service, regulatory relations and corporate development for cellular and network operations for the KINI group companies

Mr. Fox received his Bachelor of Arts degree in Political Economy from the University of Wyoming in 1979, graduating summa cum laude. In 1981, he received a Master of Science degree in Economics, also from the University of Wyoming. Mr. Fox has also been a speaker at numerous industry forums and seminars.

AFFIDAVIT

STATE OF MARYLAND :  
COUNTY OF PRINCE GEORGES :

BEFORE ME, the undersigned authority, duly commissioned and qualified in and for the State and County aforesaid, personally came and appeared Douglas A. Dawson, a principal with Competitive Communications Group, L.L.C., who being by me first duly sworn, deposed and said that:

He is appearing as a witness before the Tennessee Regulatory Authority in Docket No. 97-07488 on behalf of the Electric Power Board of Chattanooga and, if present before the Authority and duly sworn, his testimony would be as set forth in the annexed testimony consisting of 16 pages and 1 exhibit.

Douglas A. Dawson  
DOUGLAS A. DAWSON

Sworn to and subscribed before me this 8<sup>th</sup> day of  
September, 1998.

Maryanne Kinnitt  
Notary Public

My commission expires: 8-01-01

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a true and exact copy of the within and foregoing pleading on behalf of the Electric Power Board of Chattanooga, via United States mail, first class postage prepared and properly addressed to the following:

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This 4<sup>th</sup> day of September, 1998.

  
\_\_\_\_\_  
Strang, Fletcher, Carriger, Walker  
Hodge & Smith, PLLC